

Gleaning Lessons from a Dissolution Announcement

After 16 years of leadership, collaboration, and groundbreaking work in the food justice movement, the Community Food Security Coalition (CFSC), a 501(c)(3) with its principal place of business in Portland, Oregon, announced in August that its Board of Directors decided that CFSC would be closing its doors by the end of the year due to declining funding.¹ The announcement set off a firestorm on the COMFOOD listserv – an email listserv created to link individuals and organizations involved with or interested in community food security² (including CFSC members). CFSC members voiced surprise and demanded transparency and input on the decision, listserv comments debated the wisdom of the CFSC Board’s decision, and a general sense of disappointment permeated the listserv as people believed the loss of the organization would be a huge blow to the food justice movement.

Nonprofit 501(c)(3) organizations can voluntarily dissolve, but they generally need to follow certain procedures and file forms with state agencies as well as with the IRS. It doesn’t appear that CFSC has yet filed the necessary dissolution forms,³ but the debate and interest that resulted from the announcement of plans to do so is instructive for working with organizations who are considering dissolution.

First, members of the organization were caught by surprise by the announcement, which resulted in animosity and demands for transparency and input. Given CFSC’s status as a member organization, questions were raised about whether members had a right to vote on dissolution, an issue which to my knowledge was never resolved publicly. Members may not

¹ “Important Message from CFSC.” August 6, 2012. Last accessed on October 31, 2012 at <http://foodsecurity.org/important-message-from-cfsc/>

² Community food security is defined by CFSC as a condition in which all community residents obtain a safe, culturally acceptable, nutritionally adequate diet through a sustainable food system that maximizes community self-reliance and social justice.

³ In fact, on August 28, 2012, approximately three weeks after the announcement, CFSC filed an application with the Secretary of State of Oregon for authority to transact business in Oregon as a foreign nonprofit corporation (based on registration in Connecticut).

always have the right to vote on dissolution, depending on the bylaws of the organization, but based on the CFSC experience, it seems that even if members cannot vote, it would be good practice to engage members in the conversation before the decision is ultimately made.

Second, past members and past Directors who were equally surprised by the announcement ended up weighing in on the debate that ensued between CFSC and its members. In some cases, these folks were trying to be constructive by offering solutions to the challenges that faced the organization. Consulting with these past members and Directors prior to making the decision could have potentially generated solutions, or at least helped lessen the shock of the decision.

Finally, questions immediately ensued from all organizational stakeholders about what would happen with CFSC's programs and how to fill the gap that the dissolution of CFSC would leave in the food movement. CFSC ultimately provided criteria to stakeholders for how it was trying to determine who could continue their programs, but the criteria came three weeks after the dissolution announcement. The actual delineation of where programs would end up came another month later.⁴ During this time, stakeholders themselves decided to organize a meeting (which is currently being planned), to discuss the future of the organization. The response from stakeholders illustrates the importance of organizations being transparent as quickly as possible about the future of their programs, as well as recognizing and planning for public reaction to a dissolution announcement.

The unfolding of circumstances around CFSC's dissolution announcement underscores the importance of knowing one's organizational procedures and recognizing the interests of members and other organizational stakeholders in a voluntary dissolution decision.

⁴ See "CFSC Program Stewardship for the Future" dated August 29, 2012 and "CFSC Announces Program Stewards and Leadership Organizations and Networks" dated September 24, 2012. Last Accessed at <http://www.foodsecurity.org> on October 31, 2012.

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